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July 25, 1997

BY HAND

Mr. William F. Caton, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: **Notice of Ex Parte Presentation**  
Closed Captioning and Video Description of  
Video Programming, MM Docket No. 95-176

Dear Mr. Caton:

This is to provide notice that James A. Martin, Executive Vice President and Chief Operating Officer of Fox Sports Net, LLC, Daren Miller of Fox Sports Net, Robert L. Hoegle, counsel for Fox Sports Net, and Maureen O'Connell of News Corporation separately met on July 24 with the following persons regarding the above-referenced rulemaking: Gretchen Rubin, Legal Advisor to Chairman Hundt; Marsha McBride, Legal Advisor to Commissioner Quello; Suzanne K. Toller, Legal Advisor to Commissioner Chong; and Anita Wallgren, Legal Advisor to Commissioner Ness. An original and one copy of this letter and enclosures are being submitted to you for inclusion in the record in this proceeding, and copies are being provided to each attendee.

During those meetings, we discussed the application of the proposed rules to regional programming services, particularly regional sports networks. We generally reviewed the factual subjects set forth in the enclosed "Regional Sports Networks: Background Facts." We also reviewed briefly each of the following documents, copies of which were provided to the meeting attendees and are enclosed:

Regional Sports Programming Services Managed by Fox Sports  
Net (Exhibit A to Comments);

Regional Sports Networks Viewership; and

Regional Sports Networks Average Event Production Costs.

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Mr. William F. Caton, Secretary

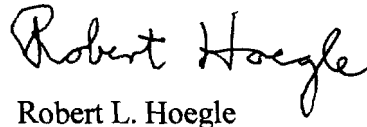
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During the course of such review, we responded to questions from the Commission attendees regarding the data presented in the above documents.

Finally, we discussed a proposed alternative limit on the expenditures by any regional network for closed captioning in view of the special circumstances faced by regional networks, such as limited subscribership and high volume of live events without significant replay value. The proposal would limit a regional network's mandatory closed captioning expenditures to two percent of that regional network's aggregate annual production costs. This alternative would be available to all regional networks.

If you have any questions regarding the above information or enclosures, please contact the undersigned.

Very truly yours,



Robert L. Hoegle

RLH:jsl  
Enclosures

cc: Gretchen Rubin, Esquire (w/encl.)  
Marsha McBride, Esquire (w/encl.)  
Suzanne K. Toller, Esquire (w/encl.)  
Anita Wallgren, Esquire (w/encl.)

**REGIONAL SPORTS NETWORKS  
BACKGROUND FACTS**

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I. Relative Market Size and Degree of Distribution

A. By definition, regional networks have limited distribution.

-- See Exhibit A to initial comments.

B. Professional leagues limit the geographic areas within which local professional teams may televise their games.

-- E.g., Limited distribution of Houston, Dallas and San Antonio NBA teams in Fox Sports Southwest.

C. Distribution by cable and alternative media is limited to approximately 65% of television households.

D. Regional Sports Network may be tiered, further limiting distribution.

II. Relative Size of Audience Share

A. Above distribution constraints limit size of audience.

B. Average ratings from 7:00 a.m. to 1:00 a.m. per regional network yield a limited number of viewing households making closed captioning economically burdensome.

-- See Regional Sports Networks Viewership data.

III. Relative Programming Budgets

A. Average production costs per event are approximately \$13,000.

-- See Regional Sports Networks Average Event Production Costs.

B. Average production costs per professional event are somewhat higher, typically ranging between \$15,000 and \$25,000. Comments at 8.

IV. Lack of Repeat Value

A. The Commission already has found that "sports events have substantial entertainment value only at the time of their occurrence." Comments at 9.

B. Consequently, captioning costs cannot be spread over multiple showings or recouped through subsequent syndication.

V. Technical Problems in Captioning Regional Sports Events

- A. The availability of real-time steno captioners varies from region to region.
- B. There is inadequate existing capacity for real-time captioning of regional sports events.

VI. Widespread Use of Graphics

- Important game information is provided through graphics. (See Exhibit B to Comments for information presented graphically in regional sports telecasts of MLB, NBA, and NHL games.)

REGIONAL SPORTS PROGRAMMING SERVICES MANAGED BY FOX SPORTS NET*		
Regional Sports Network	Region**	Subscribers as of December 1996
Fox Sports Arizona	Arizona	740,000
Fox Sports Pittsburgh	Pennsylvania, Ohio, West Virginia	1,700,000
Fox Sports Midwest	Southern Illinois, Indiana, Missouri	1,220,000
Fox Sports Northwest	Alaska, Idaho, Montana, Oregon, Washington	2,410,000
Fox Sports Rocky Mountain	Colorado, Idaho, Kansas, Nebraska, Nevada, New Mexico, Utah, Wyoming	2,310,000
Fox Sports South	Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina	5,230,000
Fox Sports Southwest	Arkansas, Louisiana, New Mexico, Oklahoma, Texas	4,750,000
Fox Sports West	Southern California, Hawaii, Nevada	3,960,000***
Sunshine Network	Florida	3,700,000

\* Fox Sports Net also has non-controlling ownership interests in and does not manage Home Team Sports, SportsChannel Chicago, SportsChannel Pacific, and SportsChannel Philadelphia/PRISM.

\*\* The regions may include only a portion of the designated states. Consequently, different portions of the same state may be included in multiple regions.

\*\*\* Fox Sports West recently has launched a second regional sports network, Fox Sports West II, which has approximately 350,000 subscribers. The subscribers reported above are for Fox Sports West I.

## REGIONAL SPORTS NETWORKS VIEWERSHIP

**Time Period Average: Monday-Sunday, 7:00 a.m. - 1:00 a.m.  
(July 1995 - November 1996)**

<u>Market</u>	<u>RTG</u>	<u>Total DMA HH</u>	<u>Viewing HH in DMA</u>
Dallas .....	0.2	1,826,142	4,110
Denver .....	0.3	1,161,080	3,105
Houston .....	0.4	1,575,681	6,553
Los Angeles .....	0.4	4,924,832	17,782
Miami .....	0.4	1,339,265	4,932
Orlando .....	0.3	999,469	3,166
Pittsburgh .....	0.7	1,150,297	7,598
Portland .....	0.2	934,334	1,958
San Antonio .....	0.3	636,988	1,670
San Diego .....	0.4	911,656	3,979
Seattle .....	0.5	1,469,607	7,043
St. Louis .....	0.2	1,110,725	1,922
Tampa .....	<u>0.2</u>	<u>1,397,288</u>	<u>2,336</u>
<b>Average .....</b>	<b><u>0.3</u></b>	<b><u>1,495,182</u></b>	<b><u>4,486</u></b>

**REGIONAL SPORTS NETWORKS  
AVERAGE EVENT PRODUCTION COSTS**

<b><u>Regional Network</u></b>	<b><u>Production Cost Per Event</u></b>
Fox Sports Arizona .....	\$15,705
Fox Sports Midwest .....	22,172
Fox Sports Northwest .....	9,140
Fox Sports Pittsburgh .....	10,576
Fox Sports Rocky Mountain .....	20,713
Fox Sports South .....	12,565
Fox Sports Southwest .....	9,086
Fox Sports West .....	16,088
Fox Sports West2 .....	6,842
Sunshine Network .....	<u>9,119</u>
<b>Average Production Cost Per Event .....</b>	<b><u>\$13,200</u></b>